

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 03-79

Date: October 17, 2003

Witness Responsible: Francisco C. DaFonte

DTE 1-2: Please explain how this proposal is consistent with the Company's most recently approved Forecast and Supply Plan. Please refer the Department to the relevant pages of the Company's filing and/or the relevant pages of the Department's decision. Also, is the proposal consistent with the Company's pending Forecast and Supply Plan in D.T.E. 02-75? Explain why or why not.

RESPONSE: The Company's most recently approved Forecast and Supply Plan (DPU 98-86) proposed the continued utilization of the El Paso Peaking contract (then referred to as the Berkshire Power contract) for November 1998 through October 2003 (page 63). At that time, an additional resource was needed in the Springfield/Lawrence service territories to ensure continued system reliability. The El Paso Peaking contract was the best-cost alternative based on bids received by the Company in its RFP process. In the Company's pending Forecast and Supply Plan (DTE 02-75), the Tennessee zone 6 to zone 6 was included as a best cost resource after being compared to all available alternatives, including the El Paso Peaking contract (page 54). This economic analysis was performed utilizing the SENDOUT® model, which used a resource mix analysis to compare available resources submitted as part of the Company's RFP process conducted in 2002. The decision to abandon the El Paso Peaking contract and replace it with the Tennessee zone 6 to zone 6 capacity was further solidified in early 2003 when El Paso Merchant Energy stated its intention to exit all trading activities. Thus, the Tennessee zone 6 to zone 6 capacity option is consistent with the Company's latest Forecast and Supply Plan.